

**COMMITTEE ON GOVERNMENT REFORM**  
**SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY**



*OPENING STATEMENT OF*  
**CHAIRMAN TODD RUSSELL PLATTS**  
*MAY 4, 2005*

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The programs of the Department of Justice impact the lives of millions of Americans on a daily basis. From overseeing the Federal prison system and enforcing the nation's laws to providing grants for state and local governments, management at DOJ affects law enforcement at every level of society. Since the terrorist attacks of September 11, 2001, Federal law enforcement continues to divert resources away from traditional crime fighting to strengthen counterterrorism capabilities, leaving a void that only State and local law enforcement are positioned to fill. To help meet this need, DOJ administers nearly \$5 billion in grants annually.

In times of tightening budgets, accountability and efficiency are imperative. It becomes increasingly important to account for every Federal dollar in the most effective manner possible, whether an agency is managing grants or investing in information technology. Without accurate financial information and appropriate controls, it becomes nearly impossible to manage programs effectively and responsibly.

The latest financial audit revealed serious accounting problems that have impacted DOJ's ability to achieve its mission. The most serious problems occurred in the area of grants management.

Proper accounting and management controls could prevent these problems. Recognizing the importance of sound financial management, Congress passed the Chief Financial Officers Act of 1990 to require Federal agencies to submit audited financial statements. For fiscal year 2004, DOJ's auditors were unable to express an opinion as to the reliability of the financial statements, and they rescinded the unqualified opinion rendered on the 2003 statements. It is important to recognize the seriousness of this audit result: in the private sector, anything other than an unqualified or "clean" audit opinion is unacceptable, and any restatement of a prior year's audit is front-page news.

The Subcommittee is meeting today to hear about efforts to address the challenges identified in the audit and how best to support these efforts by ensuring that the Department has the appropriate resources to correct them. We are pleased to have The Honorable Paul Corts, the Chief Financial Officer at the Department of Justice, and The Honorable Glenn Fine, Inspector General for the Department. Thank you, both, for being here today.